

# NB GLOBAL CORPORATE INCOME TRUST (ASX: NBI)

Global • Income • Diversification

N | B

## MONTHLY INVESTMENT REPORT – AS OF 30 JUNE 2020

### INVESTMENT OBJECTIVE & STRATEGY

- Aims to provide a consistent and stable monthly income stream
- Invests in high yield bonds issued by large, liquid global companies
- Strong emphasis on capital preservation by focusing on credit quality

### Market Review and Outlook

The global high yield markets saw modest positive returns in June and strong during the quarter supported by continued central bank policy implementation. While there was a significant improvement in global economic activity and risk asset returns over the second quarter, there were several days in the month of June where volatility returned on disappointing news of an increase in the number of COVID-19 cases in the U.S. That said, investors generally remained optimistic about re-openings and the economic recovery. Global central bank measures also provided a boost to credit markets in the second quarter as the Federal Reserve continued to make good on their promise to purchase corporate credit.

Credit spreads in the global high yield market have continued to tighten from the wide levels (1000+) reached in March and as of the end of June spreads stood at 643 basis points. Spreads, at current levels, are likely compensating investors for a continued rise in default rates. Recent economic releases suggest that the economic recovery continues to be on better footing than previously expected. The secularly-challenged and longer-term COVID-19 impaired issuers will likely be in the higher risk category for default in the near term. While our team continues to be vigilant to the developments of both COVID-19 and the economic recovery, we continue to find select relative value opportunities. That said, our primary goal in the near term remains one of avoiding default risk. While uncertainty around the pandemic and the mixed nature of the reopening of the economy as well as geopolitical tensions could result in pockets of short-term volatility, we believe our portfolio is well positioned given our deep, fundamental research focus. We will continue to look to tactically take advantage of any volatility to add to credits with more stable and improving fundamentals and compelling valuations.

### NBI Review

NBI holds a diversified portfolio of corporate high yield bonds issued by large, liquid global companies. Over the month, the portfolio modestly reduced its position in Automotive and Banking. In terms of credit quality, the portfolio modestly increased its position in B rated bonds where we see value. NBI continued to experience no defaults in its portfolio.

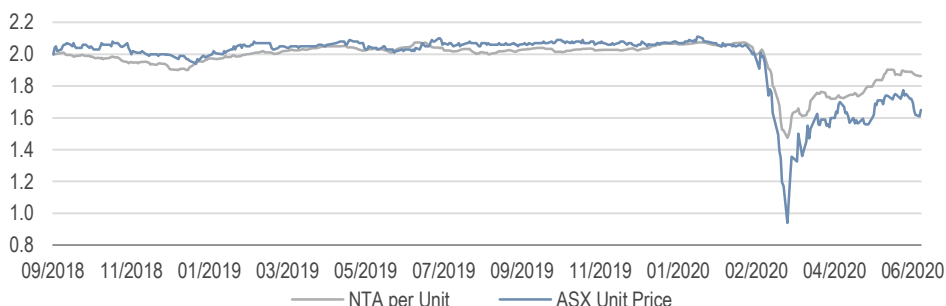
As of end of June, NBI returned 1.80% and announced a monthly distribution of 0.971 cents per Unit, which represents an annualised distribution of 5.28% (net of fees and expenses) exceeding its Target Distribution<sup>1</sup> of 5.25% for FY2020. Since listing in September 2018, NBI has exceeded its Target Distribution for the past 2 financial years.

### PERFORMANCE (NET)<sup>2</sup>

30 June 2020	1 Month	3 Months	6 Months	1 Year	Since Inception <sup>3</sup>
<b>Total Return (%)<sup>4</sup></b>	1.80	14.11	-7.16	-4.22	1.61

Past Performance is not a reliable indicator of future performance.

### NTA PER UNIT / ASX UNIT PRICE PERFORMANCE



### RESEARCH

**BondAdviser**  
Invest Intelligently

**INDEPENDENT**  
INVESTMENT RESEARCH

**Lonsec**

**Zenith**  
Investment Partners

### TRUST FACTS

<b>Listing Date</b>	26 September 2018
<b>Market Cap</b>	\$735.37 million
<b>Net Tangible Assets (NTA)</b>	\$830.26 million
<b>ASX Unit Price</b>	\$1.65
<b>NTA per Unit</b>	\$1.86 (cum)
<b>Target Distribution<sup>1</sup></b>	5.25% (net)
<b>Distributions</b>	Monthly
<b>Management costs</b>	0.85% p.a.
<b>Responsible Entity</b>	Equity Trustees Limited
<b>Manager</b>	Neuberger Berman Australia Limited

### ABOUT NEUBERGER BERMAN

- Founded in 1939; a private, independent, employee-owned investment manager
- US\$357 billion in AUM as of June 30, 2020
- Located in 35 cities with 19 portfolio management centers across 24 countries
- The firm has considered ESG in investment processes as far back as the 1940s. For more information, please visit [www.nb.com/esg](http://www.nb.com/esg)

### FURTHER INFORMATION AND ENQUIRIES

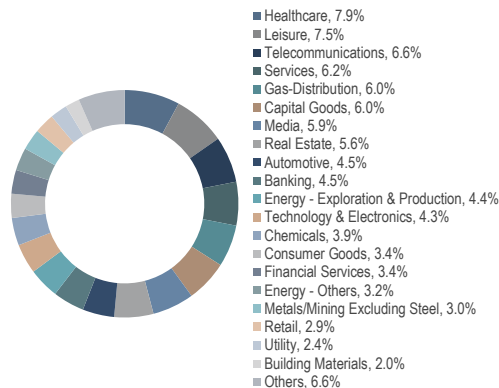
**General**  
Email [Info.nbi@nb.com](mailto:Info.nbi@nb.com)

**Boardroom (Unit Registry)**  
Phone 1300-032-754 (within Australia)  
Phone +612-8023-5419 (outside Australia)  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)  
Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

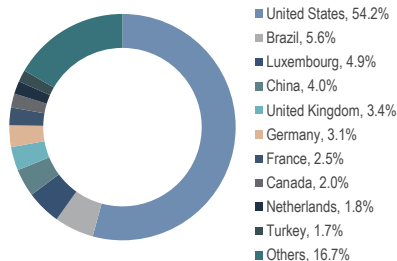
### PLATFORMS

<b>Asgard</b>	<b>IOOF</b>
<b>BT Panorama</b>	<b>Macquarie Wrap</b>
<b>BT Wrap</b>	<b>MLC Wrap</b>
<b>CFS First Wrap</b>	<b>MLC Navigator</b>
<b>Hub 24</b>	<b>Netwealth</b>

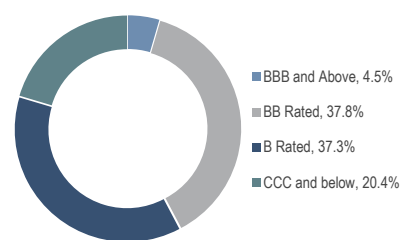
## SECTOR ALLOCATION



## TOP 10 COUNTRY ALLOCATION



## CREDIT QUALITY<sup>5</sup>



## TOTAL RETURNS (NET) (%) <sup>2, 4</sup>

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
FY2019	—	—	—	-1.14 <sup>6</sup>	-0.87	-1.74	4.71	1.94	1.09	1.48	-1.20	3.07	7.38
FY2020	-0.70	0.04	0.85	0.33	0.69	1.94	-0.15	-2.05	-16.81	5.58	6.17	1.80	-4.22

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## DISTRIBUTIONS (¢/unit)<sup>7</sup>

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	Annualised Distribution Rate
FY2019	—	—	—	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	2.469	9.47	6.24% <sup>8</sup>
FY2020	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.971	10.86	5.28% <sup>9</sup>

## TOP 10 ISSUERS

	SECTOR	%
Numericable Group	Telecommunications	2.49
Ford Motor Co	Automotive	2.22
Petrobras	Energy - Others	1.51
CIT Group Inc	Banking	1.24
TransDigm Inc	Capital Goods	1.16
Teva Pharmaceutical Industries Ltd.	Healthcare	1.06
Targa Resources Partners	Gas-Distribution	1.03
Merlin Entertainment PLC	Leisure	0.97
AssuredPartners Inc.	Insurance	0.95
Bausch Health Companies	Healthcare	0.94

## BOND PORTFOLIO SUMMARY

Number of Holdings	542
Number of Issuers	354
Yield to Maturity (%) <sup>10</sup>	7.12
Yield to Worst (%) <sup>11</sup>	7.06
Weighted Average Duration (years)	4.48
Average Credit Quality	B+

- For FY2020, NBI has set the target distribution amount per Unit, which is paid monthly by NBI, at 5.25% p.a. (net of fees and expenses) on the NTA per Unit as at 1 July 2019 ("Target Distribution"). The Target Distribution is only a target and may not be achieved. Actual distributions will be monitored against the Target Distribution. The Target Distribution will be formally reviewed at least annually (as at the end of each financial year) and any change in Target Distribution will be notified by way of ASX announcement as required. Investors should review the "Risk Factors" set out in Section 8 of NBI's product disclosure statement dated 21 January 2020 ("2020 PDS"). Section 3.3.1 of the 2020 PDS sets out the Manager's views in relation to the interest rate environment and impact on target distributions. The Manager anticipates the Trust having to revise its Target Distribution for the financial year beginning 1 July 2020 marginally downwards given the recent decline in yields across global fixed income markets and the ongoing turnover of the Trust's holdings resulting from the Manager's active management approach.
- Performance is calculated net of management costs, which includes the Responsible Entity fee, the Management fee, the Administration fee, along with custodian, audit and legal fees and other transactional and operational costs. Investors should review the PDS for full details of NBI, including, in particular, the "Fees and Other Costs" section of the PDS.
- Annualised Performance since 26 September 2018 to latest month end.
- Total Return is calculated based on the pre-distribution month end NTA and assumes all distributions are reinvested.
- Credit quality ratings are based on the Bank of America ("BoFA") Merrill Lynch Master High Yield Index composite ratings. The BoFA Merrill Lynch composite ratings are updated once a month on the last calendar day of the month based on information available up to and including the third business day prior to the last business day of the month. The BoFA Merrill Lynch composite rating algorithm is based on an average of the ratings of three agencies (to the extent rated). Generally the composite is based on an average of Moody's, S&P and Fitch. For holdings that are unrated by the BoFA Merrill Lynch Index composite, credit quality ratings are based on S&P's rating. Holdings that are unrated by S&P may be assigned an equivalent rating by the investment manager. No NRSO has been involved with the calculation of credit quality and the ratings of underlying portfolio holdings should not be viewed as a rating of the portfolio itself. Portfolio holdings, underlying ratings of holdings and credit quality composition may change materially over time.
- Calculated from the listing date of 26 September 2018 to 31 October 2018.
- The most recent distribution amount has been announced, and will be paid in the following month.
- Based on the Initial Public Offer Subscription Price of \$2.00
- Based on the NTA per Unit as at 1 July 2019.
- Yield to Maturity — The total annualised return anticipated on a bond if it is held until the end of its lifetime. Yield to maturity is considered a long-term bond yield, but is expressed as an annual rate.
- Yield to Worst — The lowest potential annualised total return that can be received on a bond without the issuer defaulting. This can be different from the yield to maturity because it assumes that the issuer will exercise any option it has to "call" the security at the earliest opportunity (to redeem and repay the principal value to an investor early).

## DISCLAIMERS

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298, AFSL 240975), is the Responsible Entity for the NB Global Corporate Income Trust ("NBI"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

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